

Manitoba 

**Annual Report
1985**

**MANITOBA
CIVIL SERVICE
SUPERANNUATION BOARD**

Manitoba



Minister of
Finance

July 4, 1986

To Her Honour
Pearl McGonigal
Lieutenant Governor of Manitoba

May It Please Your Honour:

As Minister responsible, I have the privilege of presenting for the information of Your Honour the Forty-Seventh Annual Report of the Civil Service Superannuation Board for the calendar year ended December 31, 1985.

Respectfully submitted,

A handwritten signature in dark ink, appearing to be 'E. Kostyra', written over the typed name.

Honourable Eugene Kostyra
Minister of Finance,
Minister responsible for the administration
of The Civil Service Superannuation Act

Manitoba



The Civil Service
Superannuation Board

600 — 400 Tache Avenue
(Opposite St. Boniface Hospital)
Winnipeg, Manitoba, CANADA
R2H 3C3

June 26, 1986

(204) 233-8722

Honourable Eugene Kostyra
Minister of Finance
Room 103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for the administration of The Civil Service Superannuation Act, the 47th Annual Report of the Manitoba Civil Service Superannuation Board.

This report covers the period January 1, 1985 to December 31, 1985 and includes a review of the Board's activities for that period as well as the Report of the Provincial Auditor and attached audited financial statements for that period.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R. E. Archer". The signature is written in a cursive, flowing style.

R. E. Archer, Chairman
Civil Service Superannuation Board

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Civil Service Superannuation Board	3
Board Members	4
Board Meetings	4
Highlights of 1985	4
Pension Benefits	5
Cost-of-Living Adjustment in Pensions	7
Six-Year Comparisons	
Retirements	7
Pensioners/Recipients	8
Pension Amounts	8
Refunds	9
Six-Year Comparison	
Refunds	10
Reciprocal Agreements	11
Participants	13
Six-Year Comparison	
Participants	14
Information & Counselling Services	15
Investments	16
Six-Year Comparisons	
Fund Assets	17
Revenues & Expenditures	17
Changes in Status - Participants	19
Changes in Status - Pensioners	20
Auditor's Report and Financial Statements	21

INTRODUCTION

This 47th Annual Report reviews and highlights the administrative and investment activities of the Civil Service Superannuation Board for the calendar year 1985.

The Civil Service Superannuation Board was established under subsection 5(1) of The Civil Service Superannuation Act (Act) in May, 1939.

The Board is comprised of four elected representatives of employees participating in the Fund and four employer representatives plus a chairman who are appointed by the Government.

The Board is responsible for the administration of the provisions of the Act in providing benefits for employees of the Province of Manitoba and its related Boards, Commissions, and Agencies who participate in the plan.

As Trustees of the Civil Service Superannuation Fund, the Board also has fiduciary responsibilities for ensuring that investments are made on the direction of the Investment Committee which is a sub-committee of the Board comprised of one of the elected employee representatives, the Deputy Minister of Finance, and a chairman who is also the chairman of the Board.

The Board operates within the guidelines, regulations and legislation contained in The Pension Benefits Act of Manitoba, which was an Act legislated to provide conformity and regulation of all pension plans administered in the Province of Manitoba.

The Board is responsible for administering the Act which involves collecting superannuation contributions deducted from employees by participating employers, investing and monitoring investments, paying refunds on termination, negotiating reciprocal agreements to provide portability of pensions, paying pensions on retirement, counselling employees (including spouses), providing informational and pre-retirement seminars, providing annual benefit statements, preparing brochures outlining the benefits, newsletters, financial statements and an annual report.

In October, 1968, the Board began to administer the group insurance plans for all participating employees. The Public Servants Insurance Act provides group life insurance, accidental death and dismemberment insurance and dependents

insurance for participating employees. The Board collects insurance contributions on behalf of Canada Life (the insurance carrier), pays the necessary premiums, pre-audits all insurance claims, prepares explanatory literature, provides informational counselling and invests the experience refunds which are held in a trust insurance fund. The Insurance Fund proceeds are used to subsidize post-retirement declining insurance benefits, to pay waiver of premium benefits on disability, to stabilize the premium rate and may pay an insurance claim dividend when claims experience is more favourable than expected.

Since January 1, 1977, the Board has provided administrative and support services to the Municipal Employees Benefits Board. The Municipal Employees Benefits Board provides pension and group insurance benefits for approximately 2,000 employees of 258 municipal and quasi-municipal employers throughout Manitoba.

CIVIL SERVICE SUPERANNUATION BOARD

Chairman

Mr. R. E. Archer
Senior Vice-President, Investments
The Investors Group

Employee Representatives

Mr. C. Fordyce
Brandon Mental Health Centre
Civil Service Representative

Ms. A. Hrenchuk
Manitoba Health Services Commission
Civil Service and Manitoba Health
Services Commission Representative

Mr. H. G. Restall
Manitoba Telephone System
Manitoba Telephone System Representative

Mr. V. L. Schentag
Manitoba Hydro
Manitoba Hydro and Small Boards
Representative

General Manager
Mr. W. Worosz

**Supervisor, Information &
Counselling Services**
Mr. R. H. Covernton

Investment Officer
Mr. L. Fuller

Consulting Actuary
Mr. J. A. Turnbull, F.S.A., F.C.I.A.

Employer Representatives

Mr. C. E. Curtis
Deputy Minister of Finance
Province of Manitoba

Dr. A. Decter
Medical Doctor

Mr. R. M. Fraser
Executive Vice-President,
Corporate Services
Manitoba Hydro

Mr. D. Lofendale
Barrister

**Supervisor, Administrative
Services**
Mr. V. McLeod

Accountant
Mr. A. Borle

Board Members

The Board acknowledges with respect and appreciation the dedication and contribution made to the Board by Mr. H. Meiklejohn who served on the Board from April 1, 1978 to March 31, 1985; Ms. J. Thompson who served on the Board from April 1, 1982 to March 31, 1985; and Mr. G. Eakin who served on the Board from April 1, 1965 to March 31, 1985. Mr. Eakin's record of willingness to be nominated and being elected 7 consecutive times as the Hydro and small boards' employee representative on the Board is attributable to the humanistic concern about the members of the Fund which is indicative of his service in the community throughout his life. The Board and staff have been fortunate in having his example to follow and will always be indebted to him.

The Board is pleased to welcome the appointments of Dr. A. Decter, Ms. A. Hrenchuk, Mr. D. Lofendale, Mr. H. Restall, and Mr. V. Schentag.

Board Meetings

During the year the Board held 9 meetings and each of the Board committees held several meetings.

Highlights of 1985

	1985	1984
Book Value of Investments	\$573,424,219	\$496,179,409
Investment Income	\$60,266,209	\$51,975,390
Yield on Investments	11.8%	11.7%
Employee Contributions	\$39,892,221	\$39,096,731
Employer Payments	\$20,872,168	\$18,221,061
Pension Payments, etc.	\$40,667,783	\$35,113,208
Refund of Contributions and Interest	\$3,739,521	\$3,851,648
General Expenses	\$885,156	\$807,771
Participants in Fund	26,481	25,673
Pensioners and Other Recipients	5,641	5,256

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled \$40,667,783, a net increase of \$5,554,575 (15.8%) over 1984. There were 5,641 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1985 as compared to 5,256 persons one year earlier. At December 31, 1985 there were:

1. 4,830 pensioners, 496 new retirements and 185 deaths for a net increase of 311 for the year;

2. 456 deceased pensioners' beneficiaries receiving pensions;

3. 353 spouses receiving the automatic pension payable to the spouse of an employee who dies with more than 10 years of service;

4. 2 deceased employees' spouses receiving contributions and interest in monthly instalments.

Of the 375 new male pensioners, 126 retired at age 65 or later, 231 retired voluntarily before age 65, and 18 who were under age 60 were granted disability retirement. (For an employee who is age 60 or over, the pension for disability retirement is the same as for early retirement. The disabled employee who is over age 60 therefore applies for early retirement).

Of the 121 new female pensioners, 39 retired at age 65 or later, 72 retired voluntarily before age 65, and 10 who were under age 60 were granted disability retirement.

New 1985 pensioners include 26 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 209 male pensioners (84%) and 61 female pensioners (74%) who retired before age 65.

Integration with the Canada Pension was selected by 175 male pensioners (70%) and 47 female pensioners (57%) who retired before age 65.

Employees retiring during 1985 elected the following pension options:

	Females	Males	Total
Pension reducing to one-half at pensioner's death	4	48	52
Pension reducing to two-thirds at pensioner's death	21	222	243
Ten-Year guaranteed pension	7	14	21
Lifetime Pension *	85	81	166
Other	<u>4</u>	<u>10</u>	<u>14</u>
	121	375	496
	—	—	—

*Note: The majority of the pensioners who elected the lifetime pension were either single or had small pensions due to short service.

An amendment to the Pension Benefits Act effective January 1, 1984 requires that employees who at the time of retirement have a spouse must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

There were also 41 employees who reached age 65 during 1985 and who continued to work into 1986. As at December 31, 1985, 105 employees were continuing to work past age 65 as follows:

Year of 65th Birthday	Number of Employees Working Past Age 65
1985	41
1984	22
1983	23
1982	14
1981	4
1980	1
	105

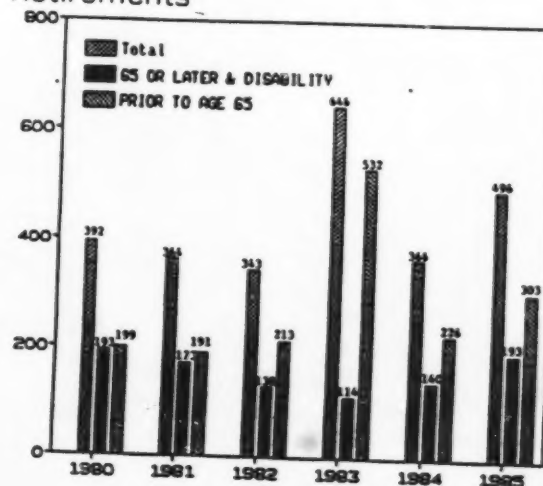
Cost-of-Living Adjustment in Pensions

Effective July 1, 1985 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1984. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account was actuarially able to finance one-half of each increase. (See Exhibit D and Note 1(e) of the audited financial statements.)

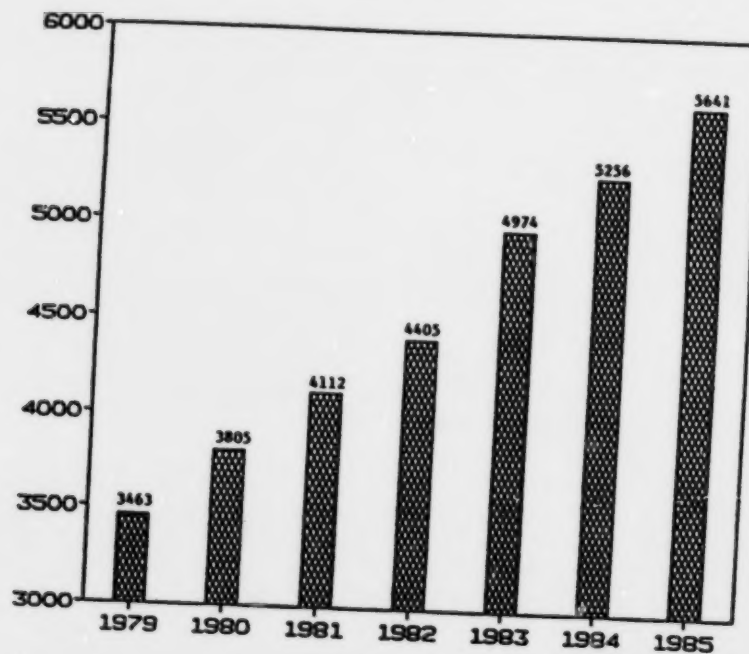
The cost-of-living increase is related to service and the amount of pension received and was equal to 45¢ a month for each year of pensionable service to a maximum of 35 years plus 1.89% of the ordinary lifetime pension plus accumulated cost-of-living increases to date.

Six-Year Comparison

Retirements

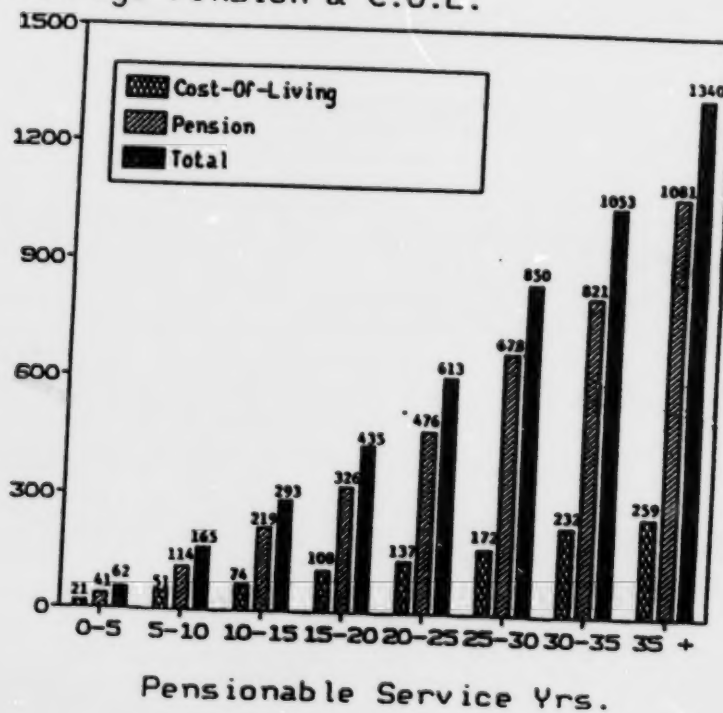


Pensioners/Recipients



Pension Amounts

Average Pension & C.O.L.



Refunds

There were 908 employees who resigned and received refunds of contributions and interest amounting to \$3,376,195. The estates of 22 employees who died received refunds of contributions and interest amounting to \$247,043. These refunds are divided as follows:

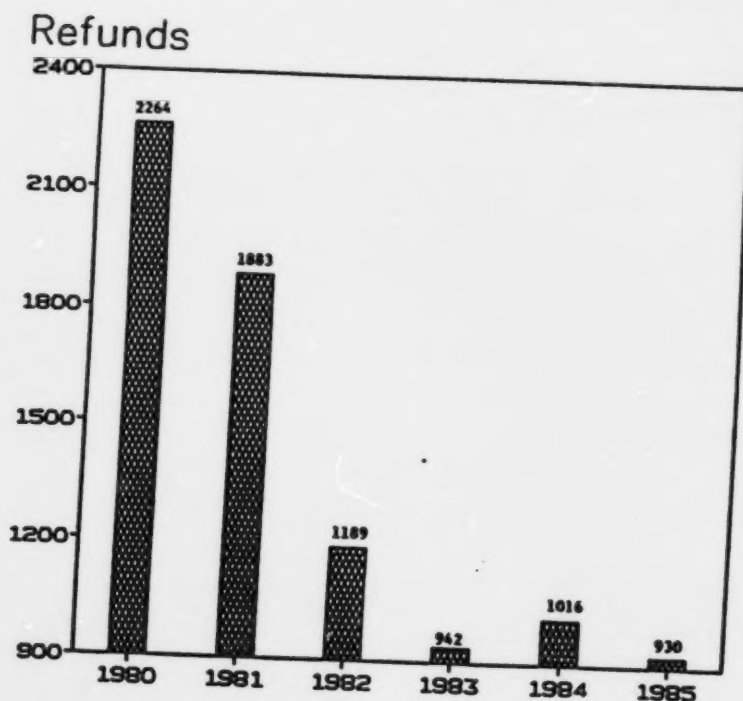
	Employ- ees	Contri- butions Refunded	Interest Refunded
Alcoholism Foundation of Manitoba	16	\$ 72,637	\$ 4,589
Housing Authorities	12	22,181	983
Legal Aid Services Society of Manitoba	8	23,567	1,520
Liquor Control Commission	10	43,521	2,705
Manitoba Beef Commission	1	225	3
Manitoba Civil Service	541	1,957,186	146,869
Manitoba Crop Insurance Corp.	1	3,857	247
Manitoba Data Services	12	49,127	3,474
Manitoba Government Employees' Assoc.	2	7,370	358
Manitoba Health Services Commission	17	63,081	4,058
Manitoba Hog Producers Marketing Bd.	4	11,405	875
Manitoba Hydro-Electric Board	85	406,844	51,057
Manitoba Lotteries Foundation	5	7,370	404
Manitoba Public Insurance Corp.	54	165,537	10,772
Manitoba Racing Commission	2	7,905	486
Manitoba Research Council	3	14,897	847
Manitoba Telephone System	115	423,062	35,091
Manitoba Turkey Producers' Mktg. Bd.	1	584	20
Manitoba Water Services Board	1	1,248	35
Teachers' Retirement Allowances Fund Board	1	6,003	317
Deferred Pension Accounts	7	45,126	4,241
Reciprocal Agreements	29*	5,650	425
Manitoba Reciprocal Agreements	3	14,539	940
	930	\$3,352,922	\$270,316

*Includes 7 employees who received refunds of the excess contributions in their accounts after required contributions were transferred under reciprocal agreement to provide

equivalent pensionable service in other public service pension plans.

There were also other transfers in respect of marriage breakdown and refunds of excess employee contributions (50% test) amounting to \$116,283 during 1985.

Six Year Comparison



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1985:

Government of Canada - Treasury Board
The Province of British Columbia - Superannuation
Commissioner
The Province of Alberta - Public Service Pension Board
The Province of Alberta - Public Service Management
Pension Board
The Province of Alberta - Local Authorities Pension Board
The Province of Saskatchewan - Public Service Superannuation
Board (Old Plan)
The Province of Saskatchewan - The Public Employees
Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario - Minister of Government Services
The Province of New Brunswick - Minister of Finance
The Province of Newfoundland - Minister of Finance
The Province of Nova Scotia - Minister of Finance
The Province of Prince Edward Island - Minister of Finance
Canadian Broadcasting Corporation
Canadian Interagency Forest Fire Centre
Canadian National Railway
Canada Mortgage and Housing Corporation
City of Regina
Crown Investments Corporation of Saskatchewan
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro
Ontario Municipal Employees Retirement Board
 (a) Ontario Municipalities
 (b) Ontario Council of Regents for the Colleges of
 Applied Arts and Technology
Saskatchewan Government Insurance
Saskatchewan Power Corporation Superannuation Board
The Teachers' Superannuation Commission of the Province of
Ontario

	Transfers to Manitoba		Transfers from Manitoba	
	Number	Amount	Number	Amount
Government of Canada	12	\$145,774	19	\$332,751
Provincial Public Service				
Alberta	-	-	2	74,932
British Columbia	1	13,767	-	-
Nova Scotia	1	37,100	-	-
Ontario	1	10,445	-	-
Saskatchewan (New Plan)	5	68,150	3	31,310
OMERS	1	27,321	2	19,363
Ontario Teachers	-	-	2	11,788
	—	—	—	—
1985 Totals	21	\$302,557	28	\$470,144
	—	—	—	—
1984 Totals	23	\$223,403	15	\$271,828
	—	—	—	—

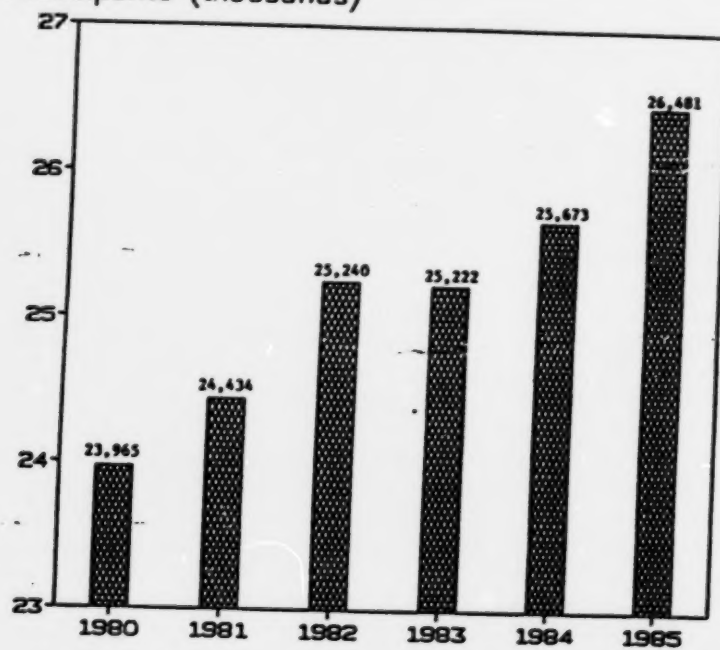
Participants

The number of participants in the pension plan increased by 808 and was divided as follows at December 31, 1985.

	Males	Females	Total
Alcoholism Foundation of Manitoba	85	88	173
Civil Service Superannuation Board	8	14	22
Communities Economic Development Corp.	6	7	13
Housing Authorities	88	70	158
Legal Aid Services Society of Manitoba	25	52	77
Liquor Control Commission	322	92	414
Local Government Districts	1	-	1
Manitoba Agricultural Credit Corp.	32	20	52
Manitoba Beef Commission	5	12	17
Manitoba Centennial Centre Corp.	43	28	71
Manitoba Civil Service	8,535	6,310	14,845
Manitoba Crop Insurance Corp.	38	41	79
Manitoba Data Services	110	90	200
Manitoba Development Corp.	5	1	6
Manitoba Energy Authority	3	1	4
Manitoba Government Employees Assoc.	21	14	35
Manitoba Health Services Commission	185	496	681
Manitoba Hog Producers' Marketing Bd.	16	11	27
Manitoba Horse Racing Commission	4	3	7
Manitoba Hydro-Electric Board	3,132	550	3,682
Manitoba Lotteries Foundation	59	26	85
Manitoba Milk Producers' Marketing Bd.	8	8	16
Manitoba Public Insurance Corp.	531	443	974
Manitoba Research Council	21	10	31
Manitoba Telephone System	2,510	1,804	4,314
Manitoba Turkey Producers' Marketing Board	2	4	6
Manitoba Water Services Board	16	-	16
Milk Prices Review Commission	-	1	1
Teachers' Retirement Allowances Fund Board	6	10	16
Universities Grants Commission	2	2	4
Deferred Pension Accounts	220	129	349
Pending Reciprocal Agreements	10	3	13
Manitoba Reciprocal Agreements	63	29	92
	16,112	10,369	26,481

Six Year Comparison

Participants (thousands)



Information & Counselling Services

During 1985, the Civil Service Superannuation Board conducted 22 Information Seminars on Superannuation and Group Insurance benefits on the subject of eligibility, entitlement to benefits, family protection, disability, death, etc., for employees of the government and its related boards, commissions, and agencies in major centres throughout Manitoba.

In addition, the Board conducted 23 one-day Pre-Retirement Planning Seminars which were attended by approximately 631 participants (employees and spouses) in major centres throughout the Province. Topics emphasized in the seminar content are benefit awareness and planning of superannuation and group insurance for retirement. Topics also covered during the seminar are OASP, UIC, Blue Cross, estate planning as well as subjects related to retirement lifestyle planning such as the effective use of leisure hours, health, alternate lifestyles, etc. A pre-retirement information package including a Retirement Planning Guide prepared and printed by the Board staff is distributed to seminar participants and as part of the presentation, audio-visual aids are used along with a comprehensive film on the subject of retirement planning which reinforces the subjects covered in the seminar.

In addition to providing employees with their annual benefit statement with information on employee status, current and projected benefit entitlement, the Board provided brochures on pension portability (Qualifying Service and the Money Purchase Plan), a comprehensive life insurance brochure and also produced several articles of interest on benefits for printing in various employee/employer newsletters.

Investments

The Fund's total assets were approximately \$585 million as at December 31, 1985, an increase of 15.0% over 1984. Investment income increased \$8.3 million or 15.9%. The net yield on the total Fund for 1985 was 11.8% versus 11.7% in 1984.

The average yield on net bond purchases of \$38.4 million in 1985 was 10.7%.

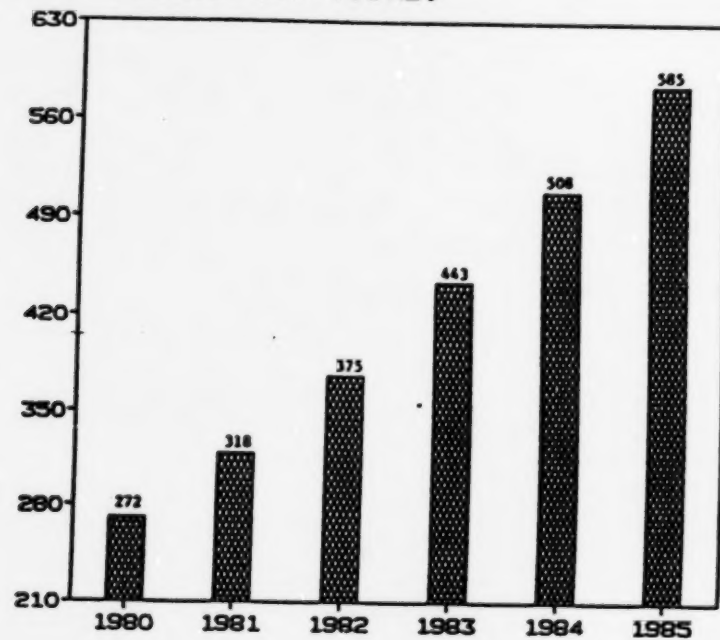
The Fund invested \$18 million in pooled Canadian common stock funds managed by external investment managers.

In the real estate field, the Fund committed \$4.4 million and disbursed \$4.7 million at rates of return in the first year of approximately 10%.

As at December 31, 1985, the Fund held \$58.0 million in short-term paper, yielding an average of 8.87% versus \$52.0 million yielding an average of 10.98% as at December 31, 1984.

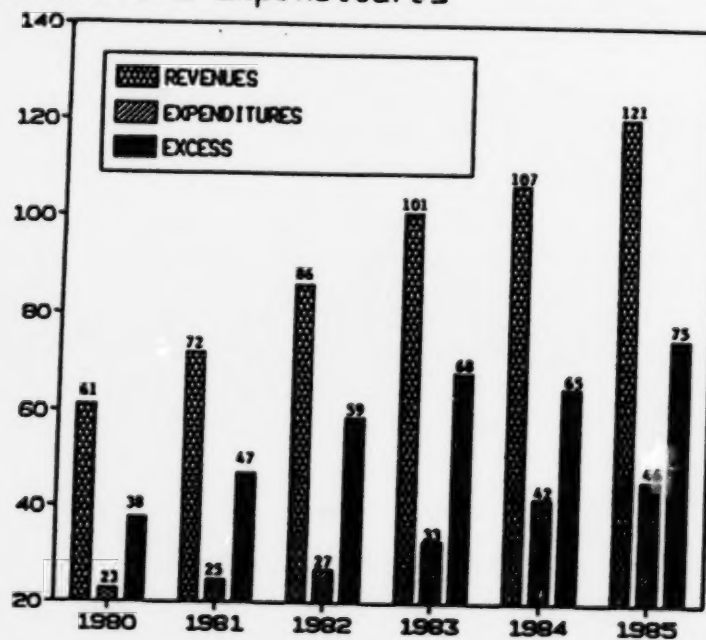
Six-Year Comparison

Fund Assets (Millions)



Six Year Comparison

Revenues & Expenditures



The following comparative table illustrates our investment holdings:

	1985 (000's)	1984 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	\$121,604	\$ 95,984	\$25,620
City & Municipal	12,253	13,311	(1,058)
Corporate	123,062	110,309	12,753
Pooled Bond Funds	10,257	9,207	1,050
	267,176	228,811	38,365
NHA Mortgages	87,333	89,568	(2,235)
Other Mortgages	30,271	31,000	(729)
Pooled Mortgage Funds	6,079	5,208	871
	123,683	125,776	(2,093)
Other			
Common Stock	69,022	49,646	19,376
Real Estate	29,907	23,234	6,673
Petroleum & Natural			
Gas Interests	17,580	12,109	5,471
Venture Capital	2,522	1,851	671
	119,031	86,840	32,191
Short-term Certificates	58,376	52,211	6,165
Total	\$568,266	\$493,638	\$74,628

CHANGES IN STATUS - PARTICIPANTS

For the year ended December 31, 1985

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1985
-19.....	19	1	-	-	27
20-24.....	275	55	-	-	810
25-29.....	249	75	2	-	1,739
30-34.....	195	75	1	-	2,652
35-39.....	134	50	6	-	2,929
40-44.....	69	31	3	-	2,255
45-49.....	38	15	4	1	1,885
50-54.....	25	18	11	3	1,738
55-59.....	22	13	9	125	1,253
60-	15	10	13	246	824
	1,041	343	49	375	16,112

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1985
-19.....	35	1	-	-	39
20-24.....	323	113	1	-	1,146
25-29.....	259	186	-	-	2,127
30-34.....	218	121	-	-	2,018
35-39.....	177	67	1	-	1,570
40-44.....	103	36	-	-	1,035
45-49.....	58	18	1	-	866
50-54.....	36	9	2	4	742
55-59.....	18	10	3	36	475
60-	7	4	2	81	351
	1,234	565	10	121	10,369
Totals	2,275	908	59	496	26,481

CHANGES IN STATUS - PENSIONERS

For the year ended December 31, 1985

Males

Ages	Pensioners at Dec. 31, 1984	New Retirements	Deaths	Pensioners at Dec. 31, 1985
-59.....	351	129	4	476
60-64.....	656	106	18	744
65-69.....	908	139	25	1,022
70-74.....	636	1	32	605
75-79.....	349	-	23	326
80-84.....	146	-	21	125
85-89.....	48	-	10	38
90-	20	-	6	14
	3,114	375	139	3,350

Females

Ages	Pensioners at Dec. 31, 1984	New Retirements	Deaths	Pensioners at Dec. 31, 1985
-59.....	141	40	3	178
60-64.....	242	39	4	277
65-69.....	379	42	2	419
70-74.....	321	-	7	314
75-79.....	171	-	8	163
80-84.....	92	-	8	84
85-89.....	44	-	9	35
90-	15	-	5	10
	1,405	121	46	1,480
Totals	4,519	496	185	4,830

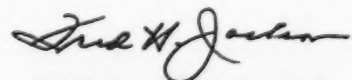


Manitoba

THE CIVIL SERVICE SUPERANNUATION FUND REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied, after giving retroactive effect to the change in policy on accounting for investment in subsidiary and foreign currency translation as described in note 2, on a basis consistent with that of the preceding year.


Fred H. Jackson, C.A.,
Provincial Auditor.

June 27, 1986,
Winnipeg, Manitoba.

THE CIVIL SERVICE SUPERANNUATION FUND
Balance Sheet as at December 31, 1985
(with 1984 figures for comparison)

	1985	1984
A S S E T S		
Cash	\$ 11,868	\$ 48,772
Employees' and employers' contributions and payments receivable	264,509	1,295,038
Investments, Schedule 1, Note 1(b)	573,424,219	496,179,409
Accrued investment income	9,032,875	8,908,337
Debt due from the Province of Manitoba, Note 1(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, at nominal value	1	1
Computer equipment, Note 1(d) at cost less accumulated amortization: 1985 - \$27,537 1984 - \$ 5,557	104,340	121,997
Computer programs development expenses, Note 1(d) at cost less accumulated amortization: 1985 - \$137,940 1984 - \$134,513	12,933	16,359
	<u>\$584,677,045</u>	<u>\$508,396,213</u>
L I A B I L I T I E S		
Accounts payable	\$ 6,183	\$ 46,952
Money purchase accounts plan, Exhibit E, Note 6	54,046	-
Accumulated unrealized foreign exchange, Note 7	700,135	188,828
Provision for investment losses, Exhibit C, Note 1(b)(v)	893,987	540,286
Superannuation indexing adjustment account, Exhibit D, Note 1(e)	34,751,052	30,655,114
Reserve for present and future benefits, Exhibit B	548,271,642	476,965,033
	<u>\$584,677,045</u>	<u>\$508,396,213</u>

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Reserve for Present and Future Benefits
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Additions:		
Employers' and employees' payments and contributions, Schedule 2	\$ 60,764,389	\$ 57,317,792
Investment income, Schedule 3	60,266,209	51,975,390
Interest on debt due from the Province of Manitoba, Note 1(c)	73,052	73,052
Adjustment regarding The Civil Service Special Supplementary Severance Benefit Act, Note 4(a)	-	(2,070,100)
Bank and other interest	61,501	59,524
Total additions	<u>121,165,151</u>	<u>107,355,658</u>
Deductions:		
Superannuation and supplementary allowances	40,667,783	35,113,208
Refunds of contributions and interest	3,739,521	3,851,648
Payments to employers resulting from an amendment to the early retirement pension reduction, Note 4(b)(iii)	-	2,404,967
Payments of employee contributions to other pension plans	470,144	271,828
Administrative expenses, net, Schedule 4	885,156	807,771
	<u>45,762,604</u>	<u>42,449,422</u>
Transfer:		
Net transfer to superannuation indexing adjustment account, Exhibit D	4,095,938	4,084,203
Total deductions	<u>49,858,542</u>	<u>46,533,625</u>
Net increase for the year	<u>71,306,609</u>	<u>60,822,033</u>
Balance at beginning of year, before restatement	<u>476,594,877</u>	<u>416,041,663</u>
Adjustment of prior years, Note 2	<u>370,156</u>	<u>101,337</u>
After restatement	<u>476,965,033</u>	<u>416,143,000</u>
Balance at end of year, Exhibit A	<u>\$548,271,642</u>	<u>\$476,965,033</u>

THE CIVIL SERVICE SUPERANNUATION FUND
 Statement of Changes in the Provision for Investment Losses
 for the year ended December 31, 1985
 (with 1984 figures for comparison)

	1985	1984
Addition:		
Transfer from investment income, Schedule 3	\$ 573,424	\$ 496,179
Total addition	<u>573,424</u>	<u>496,179</u>
Deduction:		
Net write-down of permanently impaired investments	219,723	500,000
Total deduction	<u>219,723</u>	<u>500,000</u>
Net increase (decrease) for the year	<u>353,701</u>	<u>(3,821)</u>
Balance at beginning of year	540,286	544,107
Balance at end of year, Exhibit A	<u><u>\$ 893,987</u></u>	<u><u>\$ 540,286</u></u>

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND
 Statement of Changes in the Superannuation Indexing Adjustment Account
 for the year ended December 31, 1985
 (with 1984 figures for comparison)

	1985	1984
Additions:		
Allocation of 10.2% of employees' contributions	\$ 4,012,187	\$ 3,941,546
Interest	3,867,979	3,439,472
Total additions	<u>7,880,166</u>	<u>7,381,018</u>
Deductions:		
Charge for one-half of all superannuation adjustments	3,784,228	3,296,815
Total deductions	<u>3,784,228</u>	<u>3,296,815</u>
Net transfer from reserve for present and future benefits, Exhibit B	4,095,938	4,084,203
Balance at beginning of year	<u>30,655,114</u>	<u>26,570,911</u>
Balance at end of year, Exhibit A	<u><u>\$34,751,052</u></u>	<u><u>\$30,655,114</u></u>

Exhibit E

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Money Purchase Accounts Plan
for the year ended December 31, 1985

Additions:

Deposits	\$ 52,046
Interest income	2,276
	54,322

Deductions:

Bank charges	27
Administration fees charged by Civil Service Superannuation Fund	249
	276
Increase for the year	54,046
Balance at beginning of year	-
Balance at end of year, Exhibit A	<u><u>\$ 54,046</u></u>

Schedule 1

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 1985

	Par Value	Book Value
Fixed income investments, Note 1(b)(i)		
Term deposits	<u>\$ 58,376,109</u>	<u>\$ 58,376,109</u>
Bonds and debentures		
Government of Canada	\$ 65,675,000	66,035,689
Province of Manitoba	26,083,000	25,898,334
Province of Nova Scotia	1,600,000	1,600,000
Province of Ontario	23,825,000	23,969,587
Province of Quebec	100,000	100,000
Province of Saskatchewan	4,000,000	4,000,000
Hospitals	4,221,250	4,221,250
Municipal Corporations	7,994,000	8,031,306
Corporations	<u>122,686,660</u>	<u>123,300,154</u>
	<u>\$256,184,910</u>	<u>257,156,320</u>
Pooled bond funds		<u>10,019,833</u>
		<u>267,176,153</u>
Mortgages		
Insured, National Housing Act (Canada)	\$ 92,812,521	87,332,891
Uninsured	<u>30,313,763</u>	<u>30,271,315</u>
	<u>\$123,126,284</u>	<u>117,604,206</u>
Pooled mortgage funds		<u>6,079,014</u>
		<u>123,683,220</u>
Unamortized losses (gains) on disposition		<u>(766,964)</u>
Total fixed income investments at amortized cost		<u>448,468,518</u>
Equity investments, Note 1(b)(iii)		
Common stock		1,234,752
Pooled equity funds		
Canadian		30,855,506
Non-Canadian		36,931,825
Petroleum and natural gas investments		
Shares and pooled funds		10,759,900
Investment in subsidiary, Notes 1(b)(ii) and 5		6,819,959
Venture capital, limited partnership		2,521,741
Real estate, Note 1(b)(iv)		
Participating bonds		19,387,643
Qualifying shares		2,063,800
Units of pooled real estate		8,455,241
Accumulated unrealized appraisal adjustments		6,033,038
Unamortized losses (gains) on disposition		(107,704)
		<u>124,955,701</u>
Total equity investments		<u>124,955,701</u>
Total investments, Exhibit A		<u>\$573,424,219</u>

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Payments and Contributions
for the year ended December 31, 1985

Schedule 2

	Employers' payments and con- tributions	Employees' payments and con- tributions	Total
Province of Manitoba Civil Service	\$10,234,869	\$22,018,152	\$32,253,021
Manitoba Telephone System	4,913,160	6,388,135	11,301,295
Manitoba Hydro-Electric Board	3,681,190	5,989,329	9,670,519
Liquor Control Commission	886,917	573,214	1,460,131
Manitoba Health Services Commission	374,028	912,065	1,286,093
Manitoba Public Insurance Corporation	85,270	1,317,526	1,402,796
Manitoba Agricultural Credit Corporation	63,439	92,190	155,629
Manitoba Crop Insurance Corporation	79,045	112,135	191,180
Manitoba Development Corporation	8,930	14,104	23,034
Communities Economic Development Fund	-	27,064	27,064
Teachers' Retirement Allowances Fund Board	5,145	19,214	24,359
Civil Service Superannuation Board	-	31,407	31,407
Workers Compensation Board	31,153	-	31,153
Manitoba Hog Producers' Marketing Board	34,757*	34,757	69,514
Local Government Districts	2,628*	2,650	5,278
Manitoba Government Employees' Association	67,054*	67,054	134,108
Universities Grants Commission	7,136	9,177	16,313
Manitoba Centennial Centre Corporation	17,185	81,851	99,036
Manitoba Milk Producers' Marketing Board	31,011*	31,011	62,022
Housing Authorities	170,263*	173,295	343,558
Manitoba Water Services Board	15,824*	15,766	31,590
Manitoba Turkey Producers' Marketing Board	8,237*	8,237	16,474
Alcoholism Foundation of Manitoba	26,802	254,040	280,842
Manitoba Horse Racing Commission	-	14,018	14,018
Manitoba Data Services	21,492	344,211	365,703
Manitoba Research Council	69,312*	70,262	139,574
Manitoba Beef Commission	21,986*	21,968	43,954
Manitoba Lotteries Foundation	1,091	112,674	113,765
The Legal Aid Services Society of Manitoba	-	136,053	136,053
Manitoba Milk Prices Review Commission	-	1,868	1,868
Manitoba Energy Authority	-	11,782	11,782
Employees on workers compensation	-	1,557	1,557
Employees on loan	13,074	12,175	25,249
Repayment of contributions previously refunded	-	125,672	125,672
Payments based on prior non-pensionable employment	-	484,430	484,430
Payments based on war service	1,170	80,621	81,791
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	-	302,557	302,557
Total payments and contributions, Exhibit B	\$20,872,168	\$39,892,221	\$60,764,389

*Employers' contributions based on employees' remuneration

Schedule 3

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Investment Income
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Fixed income		
Interest	\$ 50,193,085	\$ 45,837,333
Foreign exchange, Note 7	173,987	47,207
Amortization of discounts (premiums), net, Note 1(b)(i)	364,663	622,321
Amortization of realized gains, Note 1(b)(i)	253,400	44,774
Transfer to provision for investment losses, Exhibit C, Note 1(b)(v)	(573,424)	(496,179)
	50,411,711	46,055,456
Equity income		
Investment in subsidiary, Note 5	1,584,266	563,094
Real estate dividends and interest, Note 1(b)(iv)	1,818,207	2,082,906
Other dividends and interest	2,689,400	1,999,730
Unrealized appraisal adjustments, Note 1(b)(iii)	3,718,642	1,234,195
Amortization of realized gains, Note 1(b)(iii)	43,983	40,009
	9,854,498	5,919,934
Total investment income, Exhibit B	\$ 60,266,209	\$ 51,975,390

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Salaries and fringe benefits:		
Salaries - permanent staff	\$ 594,846	\$ 520,630
Salaries - part-time staff	3,293	-
Fringe benefits	34,842	29,960
Pensions paid - employer cost	16,912	15,811
Health and post-secondary education tax levy	9,888	8,626
	659,781	575,027
Professional fees:		
Actuary - pension	54,847	82,859
Audit	28,850	30,700
	83,697	113,559
Computer related costs:		
Amortization of equipment	21,980	19,712
Amortization of program development expense	3,427	1,413
Maintenance	9,398	8,511
Miscellaneous	474	670
	35,279	30,306
Printing and stationery:		
Microfilming	1,064	877
Photocopy service	4,224	3,668
Printing	18,333	11,469
Stationery and supplies	16,043	15,309
	39,664	31,323
Other:		
Bank and investment management	115,395	81,599
Furniture and fixtures	5,599	4,673
Machine rentals and servicing	5,660	4,400
Medical examinations	6,396	2,726
Miscellaneous	12,594	12,237
Seminars and travelling	13,922	15,516
Telephone, postage and delivery	18,771	18,424
	178,337	139,575
Subtotal, carried forward	\$ 996,758	\$ 889,790

Schedule 4 continued

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Subtotal, brought forward	\$ 996,758	\$ 889,790
Less: Operating recoveries		
Public Service Group Insurance Fund administration	(72,807)	(60,452)
Municipal Employees Benefits Board administration	(38,546)	(20,321)
Civil Service Special Supplementary Severance Benefit Act administration, Note 4	-	(1,246)
Money Purchase Accounts Plan, Note 6	(249)	-
Total administrative expenses, net, Exhibit B	<u>\$ 885,156</u>	<u>\$ 807,771</u>

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1985

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Gains or losses on disposition before maturity are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments.

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method.

(iii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1985

1. (b) (continued)

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

The Fund has adopted the recommendations of the Canadian Institute of Chartered Accountants whereby current assets in United States currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

The translation adjustments required for these transactions, together with foreign exchange on the purchase and sale of foreign currency are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1985

1. (continued)

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of \$1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Computer:

Computer equipment and program development expenses are capitalized and are amortized on a straight line basis over six years.

During 1984, the Board acquired new computer equipment and programs which are being amortized over six years starting in 1985. Disposition of the old equipment resulted in an adjustment which was charged as amortization of equipment in 1984.

(e) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation indexing adjustment account. Interest is allocated to the reserve on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are based on the lesser of the increase in the Consumer Price Index in the previous calendar year or the amount of the increase, as determined by an actuarial review, which could be paid without resulting in an unfunded liability in the adjustment account.

(f) Actuarial valuations:

- (1) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1983, disclosed a surplus of \$17,698,138. The next actuarial valuation of the Fund shall take place as at December 31, 1986.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1985

1. (f)(i) (continued)

The annual valuation of the superannuation indexing adjustment account as at December 31, 1984 revealed that \$6,926,114 was available to actuarially finance additional cost-of-living increases for pensioners. Based on the Consumer Price Index increase, a cost-of-living increase of 3.8% was granted effective July 1, 1985 at an actuarial cost of \$4,025,700, leaving a surplus of \$2,900,414 in the account as at December 31, 1984.

- (ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees amounted to \$418,039 as at December 31, 1985.

2. Changes in accounting policy:

(a) Effective January 1, 1985, the method of accounting for the Fund's investment in its subsidiary, Superannuation Resource Investment Corporation of Manitoba Inc., was changed from the cost method to the equity method. This change, which has been retroactively applied, has resulted in decreasing the investment in subsidiary and the reserve for present and future benefits by \$23,199 (1984 - increase \$155,676).

(b) The Fund's policy on foreign currency translation was changed during 1985 to the method described in Note 1(b)(vi). Previously the Fund used a book rate of 1.282051 for translation of current assets and income received during the year. The difference between the book rate and the prevailing rate on purchase or sale of United States currency was charged or credited to income. This change, which has been retroactively applied, has resulted in increasing the value of investments and related accounts by \$1,004,950 (1984 - \$265,095), increasing the accumulated unrealized foreign exchange by \$511,307 (1984 - \$151,952) and increasing the reserve for present and future benefits by \$493,643 (1984 - \$113,143).

3. Guarantee by the Province:

Under the Act, the Province of Manitoba guarantees that a certain rate of return which varies based on actuarial assumptions, will be earned on the assets of the Fund. Any deficiency in annual earnings is made up by the Province; however, no payments have been required to date.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1985

4. The Civil Service Special Supplementary Severance Benefit Act and 1984 amendments to it and to The Civil Service Superannuation Act:

- (a) The Civil Service Special Supplementary Severance Benefit Act was enacted to encourage voluntary early retirement during a 'window' period from February 28, 1983 to June 30, 1983. The enhancements under the Act provided for elimination of the early retirement reduction of 1 1/2% per year prior to age 60 and the benefit formula was improved to include the average of the best 6 years earnings. A total of 488 employees (out of approximately 3,100 who were eligible) retired during the 'window' period.

The employers were responsible for the total costs of the benefits paid that were in excess of the pension payable under The Civil Service Superannuation Act. The Board recovered \$1,246 in 1984 and \$37,231 in 1983 for additional administrative and counselling expenses incurred in respect of the 'window' period.

This Act resulted in an additional actuarial liability to the Fund of \$2,070,100 which was recoverable from the Government of Manitoba. The recovery was rescinded by an amendment to The Civil Service Special Supplementary Severance Benefit Act in 1984 which was agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

- (b) Amendments to The Civil Service Superannuation Act in 1984 provided for:

- (i) Improving the pension formula to the average of the best 6 of the last 12 years.
- (ii) Reducing the early retirement penalty to 1/16 of 1% for each month between the date of retirement and age 60.
- (iii) Authorizing the Fund to pay the Government of Manitoba and its agencies \$2,404,967, being the present value of the matching employer cost of the early retirement penalty reduction. These payments were agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1985

5. Investment in subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc. (S.R.I.C.), a wholly-owned subsidiary of the Fund, was incorporated as a pension fund resource corporation under The Corporation Act of Manitoba on May 30, 1983 for the purpose of participating in oil and gas resource development projects on behalf of the Fund.

The Fund's investment in S.R.I.C. at December 31, 1985 and 1984 is comprised of:

	<u>1985</u>	<u>1984</u>
Shareholder's advances	\$5,080,016	\$4,405,251
Capital stock	1	1
Retained earnings	<u>1,739,942</u>	<u>155,676</u>
Investment in subsidiary	<u>\$6,819,959</u>	<u>\$4,560,928</u>

The net income of S.R.I.C. of \$1,584,266 (1984 - \$563,094) has been reflected as income from subsidiary.

During the year, the Fund advanced \$2,500,000 (1984 - \$4,000,000) to S.R.I.C. and recovered \$1,825,234 (1984 - \$789,849) of advances from S.R.I.C.

6. Money Purchase Accounts Plan:

Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of the participants account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1985

7. Accumulated unrealized foreign exchange:

An analysis of the accumulated foreign exchange account is shown below:

	<u>1985</u>	<u>1984</u>
Balance, beginning of year	\$ (188,828)	\$ (36,876)
Foreign exchange on purchase and sale of United States currency	1,253,982	1,583,099
Translation of transactions	553,142	89,087
Net translation of current assets	<u>(2,492,418)</u>	<u>(1,871,345)</u>
	(874,122)	(236,035)
Transfer to income	<u>173,987</u>	<u>47,207</u>
Balance, end of year	<u><u>\$ (700,135)</u></u>	<u><u>\$ (188,828)</u></u>